

Regular Session, 2010

HOUSE BILL NO. 1397

BY REPRESENTATIVES ELLINGTON AND ROBIDEAUX

AN ACT

To amend and reenact R.S. 49:330, relative to certain mineral revenue contracts; to establish an advisory committee relative to contracting with respect to such contracts; to provide for committee membership, powers, duties, and functions; to provide for annual meetings; to provide for annual reporting; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 49:330 is hereby amended and reenacted to read as follows:

§330. Mineral Income Advisory Committee; Mineral revenue contracts by state treasurer

A.(1) The Mineral Income Advisory Committee is hereby created. The committee shall be composed of the following members:

(a) The chairman of the House Committee on Appropriations, or his designee.

(b) The chairman of the Senate Finance Committee, or his designee.

(c) The chairman of the House Committee on Ways and Means, or his designee.

(d) The chairman of the Senate Revenue and Fiscal Affairs Committee, or his designee.

(e) The chief economist of the Legislative Fiscal Office.

(2) The chairman of the House Committee on Appropriations, or his designee, shall serve as chair of the committee for the first two years and then the chairman of the Senate Committee on Finance, or his designee, shall serve as chairman for the next two years. Subsequently, the chairmanship shall rotate between the House and Senate committees every two years.

1 (3) The committee shall meet at least once annually, upon the call of the
2 chair, no later than the first day of March.

3 (4) The secretary of the Department of Natural Resources, the secretary of
4 the Department of Revenue, the commissioner of administration, and the state
5 treasurer shall be available to the committee for the research relative to mineral
6 revenue contracts as provided for in this Section.

7 (5) No later than the first of May each year, the committee shall report any
8 findings and recommendations to the Revenue Estimating Committee, which shall
9 consider any recommendations at their first meeting following receipt of such report.

10 A. B. The state treasurer, on behalf of the state, shall contract with respect
11 to contracts commonly known as commodity or other swap agreements, forward
12 payment conversion agreements, futures, or contracts providing for payments based
13 on levels of or changes in commodity prices, contracts to exchange cash flows or a
14 series of payments or contracts, including without limitation options, puts, or calls
15 to hedge payment, rate, spread, or similar exposure and other devices in order to
16 establish a firm price for all or part of the anticipated mineral production subject to
17 state severance tax and royalty contract, subject to, and in accordance with, the
18 following limitations, restrictions, and procedure:

19 (1) Such action has been recommended by the Revenue Estimating
20 Conference to the Joint Legislative Committee on the Budget.

21 (2) The recommendation of the Revenue Estimating Conference has been
22 reviewed by the Joint Legislative Committee on the Budget and the committee has
23 recommended the state treasurer enter into such contracts based on criteria
24 established by the committee which may direct that a portion of any revenue gain
25 associated with a contract be set aside or used to purchase risk protection to cover
26 any risk associated with the contract.

27 (3) All swap agreements, forward conversion agreements, future ~~contract~~
28 contracts, or other ~~contract~~ contracts authorized in this Section have been selected
29 by the state treasurer through a request for proposal or bid process and any swap

1 bank selected is at least "AA" rated according to industry standards or rated
 2 according to other standards adopted by the Mineral Income Advisory Committee.

3 (4) The proposed contract has been submitted for review and comment to the
 4 attorney general who for the purposes of this Section shall be considered and shall
 5 act as legal counsel for the Joint Legislative Committee on the Budget.

6 ~~B. C.~~ The Joint Legislative Committee on the Budget may require that
 7 appropriate insurance is purchased to ensure performance of the contract.

8 ~~C. D.~~ In no event shall any contract authorized pursuant to this Section be
 9 for a period longer than one year, whether calendar or fiscal.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____